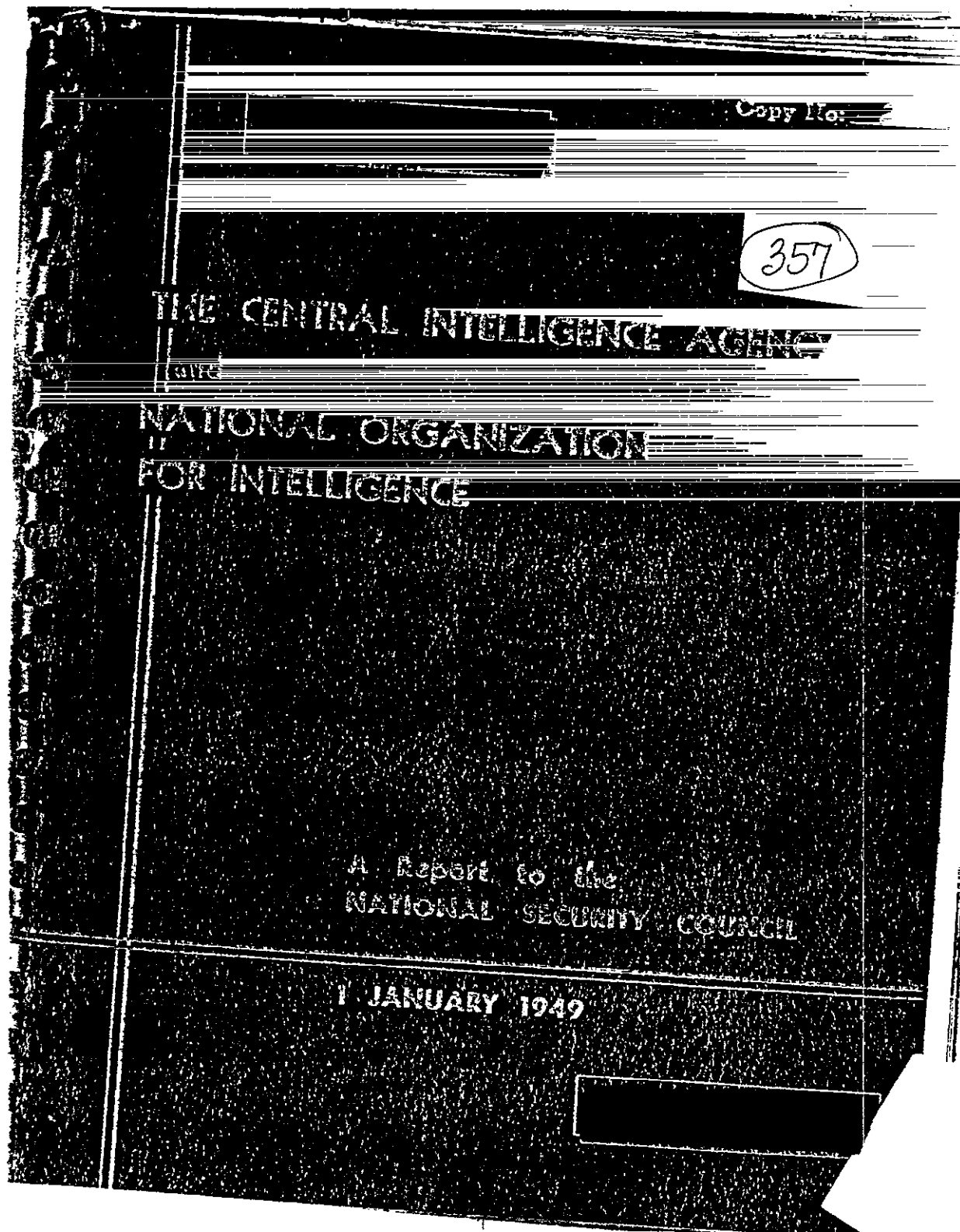


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THE CENTRAL INTELLIGENCE AGENCY
and
NATIONAL ORGANIZATION FOR INTELLIGENCE

A-REPORT TO THE NATIONAL SECURITY COUNCIL

by

Allen W. Dulles, Chairman
William H. Jackson
Mathias F. Correa

1 January 1949

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LETTER OF TRANSMITTAL

January 15, 1949

National Security Council
Washington, D. C.

Attention: Mr. Sidney W. Souers
Executive Secretary

Gentlemen:

In accordance with the terms of the memorandum to the undersigned from Mr. Sidney W. Souers, Executive Secretary of the National Security Council, dated February 13, 1948, as supplemented by his memorandum of March 17, 1948,* we submit herewith our report on "The Central Intelligence Agency and National Organization for Intelligence."

On January 13, 1948, the National Security Council recommended to the President that a group comprising individuals not in Government service should make a "comprehensive, impartial, and objective survey of the organization, activities, and personnel of the Central Intelligence Agency." The group was asked to report to the Council its findings and recommendations on the following matters:

- "(a) The adequacy and effectiveness of the present organizational structure of CIA.
- "(b) The value and efficiency of existing CIA activities.
- "(c) The relationship of these activities to those of other Departments and Agencies.
- "(d) The utilization and qualifications of CIA personnel."

As a result of this action, the present Survey Group was created and the undersigned appointed by the National Security Council with the approval

* See Annexes No. 1 and 2 for the texts of these two memoranda which constitute the terms of reference for this survey.

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of the President. The terms of the resolution approved by the National Security Council were communicated to the Group on February 13, 1948.

Following discussions with the undersigned regarding the scope of the survey, the Executive Secretary of the National Security Council, with the approval of the Secretaries of State, Defense, Army, Navy and Air Force, sent to the Survey Group on March 17, 1948, a second memorandum which constituted an extension of the scope of the survey as originally set forth by the National Security Council. In particular, this memorandum included the following provisions:

"The survey will comprise primarily a thorough and comprehensive examination of the structure, administration, activities and inter-agency relationships of the Central Intelligence Agency as outlined in the resolution of the National Security Council. It will also include an examination of such intelligence activities of other Government Departments and Agencies as relate to the national security, in order to make recommendations for their effective operation and over-all coordination, subject to the understanding that the Group will not engage in an actual physical examination of departmental intelligence operations (a) outside of Washington or (b) in the collection of communications intelligence. On behalf of the National Security Council, I will undertake to seek the cooperation in this survey of those Government Departments and Agencies not represented on the Council which have an interest in intelligence as relates to national security.

"It should be understood that the Survey of the Central Intelligence Agency and its relationship to other Departments and Agencies will be done for and with the authority of the National Security Council. The survey of the intelligence activities of the Departments of State, Army, the Navy, and the Air Force, however, will be for and with the authority of the respective heads of those Departments."

It was also provided that the Survey Group should submit from time to time recommendations on individuals problems, and that problems concerning the Central Intelligence Agency should be given priority over those involving other agencies.

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The Survey Group has submitted two special reports to the National Security Council, each one in connection with particular problems being considered by the Council and its members. The first of these reports, dated May 3, 1948, dealt with "Allocation of Department of State Cover to CIA Personnel." The second interim report, dated May 13, 1948, dealt with the "Relations Between Secret Operations and Secret Intelligence."

The present report is based on an examination and appraisal of our national intelligence structure and operations as created by the National Security Act of 1947 and developed in the Central Intelligence Agency and the individual departments and agencies concerned with national security. In accordance with the directive from the National Security Council, emphasis has been placed upon the Central Intelligence Agency, but there has also been an examination of the principal departmental intelligence agencies in order to determine their scope in the field of intelligence, and their relations to each other and to the Central Intelligence Agency. Our examination has been confined almost entirely to the over-all intelligence organization and activities in the Washington headquarters of the Central Intelligence Agency and the Departments of State, Army, Navy and Air Force.

We have met with members of the directorate and personnel of the Central Intelligence Agency and with representatives of other agencies. With the assistance of our staff, we have consulted approximately 300 persons who by virtue of their present position or past experience are familiar with intelligence problems. In addition, a series of conferences were held at which officials of all of the intelligence agencies were invited to submit their recommendations and suggestions and discuss

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them with the Group. These conferences were attended by representatives from the Departments of State, Army, Navy and Air Force, the Joint S Research and Development Board and Atomic Energy Commission.

In conclusion, we desire to record our appreciation for the effort of the staff members of the Survey Group, Robert Blum, Joseph L. Jr., Wallace A. Sprague and Edward L. Saxe, in assembling data with us to our national intelligence organization and in assisting the members of the Survey Group in carrying out the examination of our intelligence structure on which this report is based.

Faithfully yours,

Allen W. Dulles, Chairman

Mathias F. Correa

William H. Jackson

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SUMMARY

The primary object of this survey has been the Central Intelligence Agency, its organization and activities, and the relationship of these activities to the intelligence work of other Government agencies. Examination has been made of these other intelligence agencies only to the extent that their activities bear upon the carrying out by the Central Intelligence Agency of its assigned functions.

Section 102 (d) of the National Security Act of 1947 creates the Central Intelligence Agency as an independent agency under the direction of the National Security Council. It gives to the Council broad powers in the assignment of functions to the Central Intelligence Agency and creates a framework upon which a sound intelligence system can be built. The Central Intelligence Agency has been properly placed under the National Security Council for the effective carrying out of its assigned function. It should, however, be empowered and encouraged to establish, through its Director, closer liaison with the two members of the National Security Council on whom it chiefly depends and who should be the main recipients of its product--the Secretary of State and the Secretary of Defense.

The National Security Act, as implemented by directives of the National Security Council, imposes upon the Central Intelligence Agency responsibility for carrying out three essential functions:

- (1) The coordination of intelligence activities;
- (2) The correlation and evaluation of intelligence relating to the national security, which has been interpreted by directive as meaning the production of national intelligence;

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(3) The performance centrally of certain intelligence services of common concern. These include services of a static nature, such as research in fields of common usefulness, and operational services such as the collection through the central agency of secret intelligence.

These three functions constitute the basis of an integrated system of intelligence and they have been used as the frame of reference for the examination of the Central Intelligence Agency and the related activities of other intelligence agencies of the Government represented on the National Security Council, particularly the Department of State and the Departments in the National Military Establishment.

No amendment to the provision of the Act relating to intelligence is required at this time. What is needed is action to give effect to its true intent.

THE RESPONSIBILITY OF THE CENTRAL INTELLIGENCE AGENCY FOR COORDINATING INTELLIGENCE ACTIVITIES

Under the statute, the Central Intelligence Agency has broad responsibility to coordinate intelligence activities relating to the national security. In the discharge of this responsibility, the Central Intelligence Agency should review the intelligence field and ascertain where there are gaps or overlaps. The agency best equipped to do a particular job should fill any gaps. Where two or more agencies are doing similar work, the one best equipped ought to carry on the job and the others drop out or their efforts be coordinated.

This vitally important responsibility for coordination is to be exercised by recommending directives for approval by the National Security Council. The Central Intelligence Agency has the duty of planning for coordination and, in

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in consultation with the other intelligence agencies, of taking the initiative in seeking directives to effect it. Today this coordinating function of the Central Intelligence Agency is not being adequately exercised.

To assist it in carrying out this task the Central Intelligence Agency has available the Intelligence Advisory Committee. This group includes the Director of Central Intelligence as chairman, the heads of the intelligence staffs of the Departments of State, Army, Navy and Air Force, the Atomic Energy Commission and the Joint Intelligence Group of the Joint Staff.

A number of formal directives for the coordination of intelligence activities have been issued by the National Security Council upon the recommendation of the Central Intelligence Agency and the Intelligence Advisory Committee. These directives, except those specifically assigning to the Central Intelligence Agency the carrying out of certain common services described below, have not gone far enough in defining the scope and limits of departmental intelligence activities. These activities continue to present many of the same jurisdictional conflicts and duplication which the National Security Act was intended to eliminate. Consequently, the absence of coordinated intelligence planning, as between the Central Intelligence Agency, the Service agencies and the State Department, remains serious. What is needed is continuing and effective coordinating action under existing directives and also directives establishing more precisely the responsibility of the various intelligence agencies.

The field of scientific and technological intelligence is an example of lack of coordination. Responsibilities are scattered, collection efforts are uncoordinated, atomic energy intelligence is divorced from scientific



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intelligence generally, and there is no recognized procedure for arriving at authoritative intelligence estimates in the scientific field, with the possible exception of atomic energy matters.

Another important example of lack of coordination is in the field of domestic intelligence and counter-intelligence relating to the national security. Jurisdiction over counter-intelligence and counter-espionage activities is assigned to the Federal Bureau of Investigation in the United States and the Central Intelligence Agency abroad. However, fifth column activities and espionage do not begin or end at our geographical frontiers, and our intelligence to counter them cannot be sharply divided on any such geographical basis. In order to meet the specific problem presented by the need for coordination of activities in the field of domestic intelligence and counter-intelligence relating to the national security, it is recommended that the Director of the Federal Bureau of Investigation be made a permanent member of the Intelligence Advisory Committee.

The Intelligence Advisory Committee so far has had little impact on the solution of the problem of coordination, except in formally approving proposed directives. It should be re-activated and called upon to play an important role.

To assist the Director of Central Intelligence in carrying out his duties to plan for the coordination of intelligence, the staff in the Central Intelligence Agency known as the Interdepartmental Coordinating and Planning Staff should be reconstituted and strengthened. It should be composed of personnel definitely assigned to, and responsible to, the Director of Central Intelligence and charged, on a full-time basis, with carrying on continuous planning

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for the coordination of specific intelligence activities. This staff, which might be called the "Coordination Division," should support the Director in fulfilling one of his most important and difficult duties under the National Security Act.

In concluding the consideration of this most vital problem of coordination of intelligence activities, it should be emphasized that coordination can most effectively be achieved by mutual agreement among the various agencies. With the right measure of leadership on the part of the Central Intelligence Agency, a major degree of coordination can be accomplished in that manner.

THE RESPONSIBILITY OF THE CENTRAL INTELLIGENCE AGENCY FOR THE PRODUCTION OF INTELLIGENCE RELATING TO THE NATIONAL SECURITY

A long-felt need for the coordination, on the highest level, of intelligence opinion relating to broad aspects of national policy and national security was probably the principal moving factor in bringing about the creation of the Central Intelligence Agency. The lack of any provision for the prompt production of coordinated national intelligence of this kind was one of the most significant causes of the Pearl Harbor intelligence failure.

This type of national intelligence, expressed in the form of coordinated national estimates, transcends in scope and breadth the interest and competence of any single intelligence agency. Hence, such estimates should be fully participated in by all of the principal intelligence agencies. All jointly should share in the responsibility for them.

With one or two significant exceptions, whose occurrence was largely fortuitous, the Central Intelligence Agency has not as yet effectively carried out this most important function.

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The Office of Reports and Estimates in the Central Intelligence Agency was given responsibility for production of national intelligence. It has, however, been concerned with a wide variety of activities and with the production of miscellaneous reports and summaries which by no stretch of the imagination could be considered national estimates.

Where the Office of Reports and Estimates produces estimates, it usually does so on the basis of its own research and analysis and offers its product as competitive with the similar product of other agencies, rather than as the coordinated result of the best intelligence product which each of the interested agencies is able to contribute.

The failure of this type of intelligence product to meet the requirements of a coordinated national estimate is not substantially mitigated by the existing procedure whereby the Office of Reports and Estimates circulates its estimates to the intelligence agencies of State, Army, Navy and Air Force and obtains a formal notation of dissent or concurrence. Under this procedure, none of the agencies regards itself as a full participant contributing to a truly national estimate and accepting a share in the responsibility for it.

It is believed that this situation can be remedied if the Central Intelligence Agency recognizes the responsibility which it has under the statute and assumes the leadership in organizing its own work and in drawing upon that of the other intelligence agencies of Government for the production of coordinated intelligence. Thus, within its own organization, the Central Intelligence Agency should have, in lieu of the present Office of Reports and Estimates, a small group of specialists, which might appropriately be called "Estimates Division."

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It would be the task of this group to review the intelligence products of other intelligence agencies and of the Central Intelligence Agency, and to prepare drafts of national intelligence estimates for consideration by the Intelligence Advisory Committee.

The final process of coordination should take place in the Intelligence Advisory Committee which would review and discuss the proposed estimates. The finished estimate should be clearly established as the product of all of the contributing agencies in which all share and for which all take responsibility. It should be recognized as the most authoritative estimate available to the policy-makers.

Where particular scientific or technical intelligence matters are involved, the Intelligence Advisory Committee should secure the views of the best qualified technical experts available to them, including experts from the Research and Development Board and the Atomic Energy Commission.

There should also be provision for the prompt handling of major emergency situations so that, as a matter of course, when quick estimates are required, there is immediate consultation and collective appraisal by the Intelligence Advisory Committee on the basis of all available information.

The inclusion of the Federal Bureau of Investigation as a permanent member should assure that intelligence estimates will be made in the light of domestic as well as foreign intelligence. Provision should be made for the representation on the Intelligence Advisory Committee of other agencies of the Government when matters within their competence are under discussion.

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PERFORMANCE CENTRALLY OF SERVICES OF COMMON CONCERN

Under the National Security Act, the Central Intelligence Agency should perform, for the benefit of the existing intelligence agencies, such services of common concern as may be assigned to it by the National Security Council.

These services, as now being performed by the Central Intelligence Agency, can be broken down into (1) static services, consisting of intelligence research and production on certain assigned subjects which do not fall exclusively within the function of any one existing intelligence agency, and (2) operating services, consisting of certain types of intelligence collection and related secret operations.

STATIC SERVICES OF COMMON CONCERN

At the present time the static services of intelligence research and reporting are carried out in the Office of Reports and Estimates. If the duties of this Office in relation to the production of national intelligence are assigned to a newly constituted Estimates Division, the miscellaneous reporting functions presently carried out by the Office of Reports and Estimates and a part at least of the personnel engaged in them could be reconstituted as the nucleus of a separate division of the Central Intelligence Agency to be known as the "Research and Reports Division." This Division would also include the Foreign Documents Branch of the Office of Operations and the various reference and library functions now carried on in the Office of Collection and Dissemination.

The economic, scientific and technological fields are ones in which all of our intelligence agencies have varying degrees of interest. At the present time there is serious duplication in these fields of common concern. Central

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production and coordination by the proposed Research and Reports Division, would result in great economy of effort and improvement of the product. For example, the organization within this division of a scientific branch, staffed by highly qualified personnel and empowered to draw upon the scientific personnel of such organizations of Government as the Research and Development Board and the Atomic Energy Commission for the purpose of dealing with specialized scientific problems, is a project which should have the highest priority.

This division of the Central Intelligence Agency should be staffed in part by representatives of the departmental intelligence services so that the reports produced would represent authoritative and coordinated opinion and be accepted as such by the various consumer agencies.

The Director's planning staff for coordination of activities, the proposed Coordination Division, should review the question as to what subjects might appropriately be assigned to the new Research and Reports Division for central research and report and what services now centrally performed in the Central Intelligence Agency might be eliminated. The Intelligence Advisory Committee would be the agency to determine the allocation of work, and in case of any failure to agree the matter would be referred to the National Security Council.

OPERATING SERVICES OF COMMON CONCERN

The operating services of common concern presently performed by the Central Intelligence Agency consist of the collection, through the Office of Operations, of certain types of intelligence in the United States - i.e., intelligence from private individuals, firms, educational and scientific institutions, etc.; the

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collection of secret intelligence abroad through the Office of Special Operations; and the conduct of secret operations abroad through the Office of Policy Coordination.

✓ All of these services are appropriately allocated to the Central Intelligence Agency. These operating functions are so inter-related and inter-dependent that they should have common direction at some point below the Director of Central Intelligence.

✓ The general administrative problems of these operating offices are unique because of their secrecy and the consequent security requirements. They differ importantly from that part of the work of the Central Intelligence Agency which is concerned with the coordination of activities and the production of intelligence. Accordingly, these three operating offices should have common administrative services, separate from those of the balance of the Central Intelligence Agency.

The three activities, with the possible addition of the Foreign Broadcast Information Branch, should be responsible to one official charged with their direction. The new "Operations Division" would be self-sufficient as to administration and semi-autonomous. This would, to a large extent, meet the criticism frequently voiced, and with a good deal of merit, that it is essentially unsound to combine in a single intelligence agency both secret operations and over-all coordinating and estimating functions.

In its secret intelligence work, the Office of Special Operations requires a closer liaison with the other intelligence agencies, especially those of the military services and of the State Department which are its chief consumers

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and which should be able to guide its collection efforts more effectively than they do at present. The counter-intelligence function of the Office of Special Operations requires more emphasis and there is need for better coordination of all its activities with the military, particularly in the occupied areas.

THE ORGANIZATION AND DIRECTION OF THE CENTRAL INTELLIGENCE AGENCY

The principal defect of the Central Intelligence Agency is that its direction, administrative organization and performance do not show sufficient appreciation of the Agency's assigned functions, particularly in the fields of intelligence coordination and the production of intelligence estimates. The result has been that the Central Intelligence Agency has tended to become just one more intelligence agency producing intelligence in competition with older established agencies of the Government departments.

Since it is the task of the Director to see that the Agency carries out its assigned functions, the failure to do so is necessarily a reflection of inadequacies of direction.

There is one over-all point to be made with respect to the administration of the Central Intelligence Agency. The organization is over-administered in the sense that administrative considerations have been allowed to guide and, on occasion, even control intelligence policy to the detriment of the latter. Under the arrangements proposed in this report, the heads of the newly constituted Coordination, Estimates, Research and Reports, and Operations Divisions would be included in the immediate staff of the Director. In this way the Director, who at present relies chiefly on his administrative staff, would be brought into intimate contact with the day-to-day operations of his agency and be able to give policy guidance to them.

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In commenting on administration, the question of security should also be stressed. The Director is charged under the law with protecting intelligence sources and methods from unauthorized disclosure. One of the best methods of achieving this is to correct the present situation where the Agency is viewed and generally publicized as the collector of secret intelligence and to bury its secret functions within a Central Intelligence Agency whose chief recognized activities are the coordination of intelligence and the production of intelligence estimates.

In reviewing the work of the directorate, consideration has been given to the question whether or not the Director should be a civilian. The work of the Agency, from its very nature, requires continuity in that office which is not likely to be achieved if a military man holds the post on a "tour of duty" basis. For this reason, as well as because freedom from Service ties is desirable, the Director should be a civilian. This recommendation does not exclude the possibility that the post might be held by a military man who has severed his connection with the Service by retirement.

THE SERVICE INTELLIGENCE AGENCIES AND THE INTELLIGENCE FUNCTIONS OF THE STATE DEPARTMENT

The Service intelligence agencies and the intelligence organization of the State Department have been reviewed from the point of view of the over-all coordination of intelligence and of the contribution which these agencies should make to the assembly and production of national intelligence.

As regards the Service intelligence agencies, the active exercise by the Central Intelligence Agency of its coordinating functions should result in a more efficient allocation of effort than is presently the case. The Service

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agencies should concern themselves principally with military intelligence questions, leaving the Central Intelligence Agency to perform agreed central services of common interest. In addition, continuing responsibility of the Central Intelligence Agency for coordination should be exercised with respect to certain Service activities, for example, espionage and counter-espionage in occupied areas. The Joint Intelligence Committee would continue to operate with its membership unchanged and would concern itself exclusively with military and strategic questions as directed by the Joint Chiefs of Staff. The Services would participate in the formulation of national intelligence estimates through their membership in the Intelligence Advisory Committee and would share in the collective responsibility for these estimates.

In the case of the Research and Intelligence staff of the State Department, the conclusion has been reached that this staff, as at present constituted, is not sufficiently close to operation and policy matters in the Department to furnish the necessary liaison or the political intelligence estimates required by the Central Intelligence Agency for the preparation of national estimates. Accordingly, it is desirable that a high official of the State Department be designated as its Intelligence Officer to coordinate these activities, to act as the Department's representative on the Intelligence Advisory Committee and, in general, to act as liaison with the Central Intelligence Agency with respect to the intelligence and related activities of the two agencies and to develop close working relations between them.

CONCLUSION

While organization charts can never replace individual initiative and ability, the Central Intelligence Agency, reorganized along the functional

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lines indicated in this report, should be able more effectively to carry out the duties assigned it by law and thus bring our over-all intelligence system closer to that point of efficiency which the national security demands.

* * *

The foregoing summary is only a brief outline of the main points of the report and does not take the place of the detailed discussion in the report and the various conclusions and recommendations at the close of the respective chapters.

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